Annual Report

for the years ending March 31, 2013 and March 31, 2014

Prince Edward Island
Housing Corporation

Prince Edward Island
CANADA

Community Services
and Seniors

Annual Report

for the years ending March 31, 2013 and March 31, 2014

Prince Edward Island
Housing Corporation

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Prince Edward Island
CANADA

Message From The Minister

The Honourable H. Frank Lewis
Lieutenant Governor of Prince Edward Island

May It Please Your Honour:

It is my privilege to present the Annual Report of the Prince Edward Island Housing Corporation for the fiscal years ended March 31, 2013 and March 31, 2014.

Respectfully Submitted,

Valerie E. Docherty
Minister Responsible for the
Prince Edward Island Housing Corporation

Message From The Chief Executive Officer

Valerie E. Docherty
Minister Responsible for the
Prince Edward Island Housing Corporation

Minister Docherty:

I am pleased to submit the Annual Report of the Prince Edward Island Housing Corporation for the fiscal years ending March 31, 2013 and March 31, 2014.

Respectfully submitted,

Carol Anne Duffy
Chief Executive Officer
Prince Edward Island Housing Corporation

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Overview

The Prince Edward Island Housing Corporation (PEIHC) derives its authority from the *Housing Corporation Act of 1993*. The PEIHC provides Islanders of low and moderate incomes with access to safe, affordable and adequate housing.

Numerous studies have shown a direct relationship between the health and well-being of a population and the availability of safe, affordable housing. Since the 1960's, through PEIHC, the Government of Prince Edward Island has worked to maintain adequate housing for low and moderate income people. It is clear, however, that housing needs are changing. PEIHC endeavours to respond to these changes with the creation of new units and the modernization of existing units.

PEIHC shares its responsibility in the provision of housing programs with the Department of Community Services and Seniors and local family housing authorities. PEIHC is responsible for the control of assets, liabilities and revenues. The Department of Community Services and Seniors is responsible for the management of family housing through the local family housing authorities; direct management of seniors housing; and liaison with the Government of Canada about housing issues, overseeing the administration of federal-provincial agreements, and the delivery of most housing programs, including the Canada-PEI Affordable Housing Agreement.

PEIHC works with many partners most notably the Canada Mortgage and Housing Corporation (CMHC), representing the Government of Canada. CMHC cost-shares provincial programs involving approximately 1,700 units and directly administers other federally funded social housing units.

Federal/Provincial cost shared Social Housing Agreements support the rental housing needs of seniors, families and other individuals in need of housing. As these agreements expire, PEIHC will be challenged to maintain adequate funding to support and improve housing properties.

PEIHC manages and delivers the Canada-PEI Affordable Housing Agreement, signed in 2003. The purpose of this agreement is to assist in the development of affordable housing units across the Province. Through the initial and subsequent agreements, a total of $7.64 million has been invested until March 31, 2014 ($6.16 million, March 31, 2013). Twenty-eight contracts have been finalized since initiation of the agreement, creating 201 new housing units. The most recent renewal is for five years expiring March 31, 2019 and provides a total of $7.4 million.

To meet the need for low income home owner renovations, PEIHC and CMHC jointly fund the Residential Rehabilitation Assistance Program (RRAP). The objective of the program is to assist low and moderate income homeowners and landlords who provide service to low and moderate income tenants with critical repairs to their properties. In 2013-2014, responsibility for the administration and

allocation for RRAP funding was transferred from CMHC to PEIHC. PEIHC developed the new PEI Home Renovation Programs (PEIHRP) to replace RRAP. The PEIHRP provides assistance to eligible, low-income individuals, families and persons living with a disability or special need to complete specified home renovations.

Other partners of PEIHC include the many community members who serve on the Boards for the family housing authorities. Seniors and other client groups, municipal representatives, non-profit organizations, private sector developers, the construction industry and tenants play important partnership roles in bringing affordable housing to Islanders.

Aperçu

Les pouvoirs que détient la Société de logement de l'Île-du-Prince-Édouard lui sont conférés en vertu de la Housing Corporation Act (1993). La Société de logement offre aux Insulaires à revenu faible ou moyen l'accès à des logements sécuritaires, abordables et adéquats.

De nombreuses études ont révélé qu'il existe un lien direct entre la santé et le bien-être d'une population et la disponibilité de logements sécuritaires à prix abordables. Depuis les années 1960, par l'entremise de la Société de logement, le gouvernement de l'Île-du-Prince-Édouard tâche de s'assurer que des logements convenables sont mis à la disposition des Insulaires à revenu faible ou moyen. Cependant, il est évident que ces derniers éprouvent des besoins changeants et la Société de logement tente de répondre à ceux-ci par la création de nouvelles unités et la remise en état des logements existants.

La Société de logement partage la responsabilité d'assurer des programmes de logement avec le ministère des Services communautaires et des Aînés et les conseils locaux de logements familiaux. La Société est responsable de la gestion des éléments d'actifs et de passifs et, des revenus. Le ministère des Services communautaires et des Aînés est responsable de la gestion des logements familiaux par l'entremise des conseils de logements familiaux locaux et la gestion directe de logements pour les aînés; il entretient des relations avec le gouvernement fédéral sur les questions liées au logement et voit à la gestion des ententes conclues avec le gouvernement fédéral et à la prestation de la majorité des programmes de logement, y compris l'Entente Canada/Île-du-Prince-Édouard concernant le logement abordable.

La Société collabore avec de nombreux partenaires, surtout la Société canadienne d'hypothèques et de logement (SCHL), représentant le gouvernement fédéral. La SCHL partage les coûts de programmes provinciaux visant environ 1 700 unités et, en outre, elle gère directement d'autres unités de logement sociaux financés par le gouvernement fédéral.

Les ententes fédérales-provinciales à coûts partagés sur le logement social appuient les besoins des aînés, des familles et des Insulaires en matière de logements locatifs. À l'arrivée à terme de ces ententes, la Société devra trouver le financement nécessaire pour assurer l'appui et l'amélioration de ces installations.

La Société de logement gère l'Entente Canada/Île-du-Prince-Édouard concernant le logement abordable conclue en 2003 et voit à son application. Le but de cette entente est de financer l'établissement d'unités de logement abordables dans la province. Grâce à l'entente initiale et à celles qui ont suivi, un total de 7,64 millions de dollars a été investi jusqu'au 31 mars 2014 (6,16 millions de dollars, 31 mars 2013). Vingt-huit contrats ont été finalisés depuis le début de cette entente, créant 201 nouveaux unités de logement. Le plus récent renouvellement est pour une période de cinq ans, se terminant le 31 mars 2019 et fournira un total de 7,4 millions de dollars.

Pour répondre aux besoins des propriétaires à faible revenu en matière de travaux de rénovation, la Société de logement et la SCHL financent conjointement le Programme d'aide à la remise en état des logements (PAREL). L'objectif du programme consiste à aider les propriétaires à revenu faible ou moyen et les propriétaires qui offrent des services à des locataires à revenu faible ou moyen à financer des réparations critiques pour leurs résidences. En 2013-2014, la responsabilité pour l'administration et l'allocation du financement du PAREL a passé de la SCHL à la Société de logement. Cette dernière a élaboré les nouveaux Programmes de rénovation de logements de l'Î.-P.-É. pour remplacer le PAREL. Ce programme de rénovation permet d'aider les particuliers, les familles ainsi que les personnes handicapées ou à besoins spéciaux à faible revenu et admissibles à terminer des travaux de rénovation domiciliaires précis.

Parmi les autres partenaires de la Société de logement, on compte un grand nombre de membres de la collectivité qui siègent aux conseils de logements familiaux. En ce qui concerne le logement abordable pour les Insulaires, la collaboration est primordiale entre les aînés et les autres groupes bénéficiaires, les représentants municipaux, les organismes sans but lucratif, les promoteurs du secteur privé, l'industrie de la construction et les locataires.

Year In Review

In April 2012, PEIHC opened a new 34 unit seniors residence in Summerside. This was the first publically owned housing project built since the early 1990's.

In May of 2012, the Government of Prince Edward Island released the *Social Action Plan to Reduce Poverty*. The plan committed funding from the Canada-PEI Affordable Housing Agreement to increase the number of rent supplements over the next three years by 60 to allow more low income families to access affordable housing units. In 2013-2014, 20 (2012-2013 - 20) new rent supplements were created in Charlottetown and Summerside.

The Social Action Plan also committed to contributing $50,000 in 2012-2013 to support the building of affordable homes through Habitat for Humanity Prince Edward Island. $50,000 was also committed for 2013-2014.

A four-unit seniors property in St. Charles, for which there has been no demand, was sold by public tender. PEIHC continues to review its housing stock, to divest of properties that no longer meet public demand for housing, and to reinvest related operating budgets in other projects.

Demand for Seniors and Family Housing remains strong across the Province, particularly in urban areas.

In addition to operational funding, capital funding of $750,000 was invested each year to continue to modernize and to improve aging housing stock. It is anticipated this investment will be continued to be required for the foreseeable future to meet significant demands.

PEIHC continues to seek further dialogue with the Government of Canada for long term sustainable funding for social housing needs.

In 2013-2014, the PEI Home Renovation Programs (PEIHRP) were created with federal funding provided through the Investments in Affordable Housing Agreement. The PEIHRP provides assistance to low-income individuals, families and persons living with a disability or special need to complete specified home renovations.

Bilan de l'année

En avril 2012, la Société de logement a ouvert une nouvelle résidence de 34 unités pour les aînés à Summerside. Il s'agissait de la construction du premier projet de logement gouvernemental depuis le début des années 1990.

En mai 2012, le gouvernement de l'Île-du-Prince-Édouard a publié son Plan d'action sociale pour réduire la pauvreté. Selon ce plan, il y avait du financement dans le cadre de l'Entente Canada/Île-du-Prince-Édouard concernant le logement abordable afin d'augmenter de 60 le nombre de suppléments au loyer au cours des trois prochaines années, permettant à plus de familles à faible revenu d'obtenir un logement à prix abordable. En 2013-2014 (2012-2013 - 20), il y a eu de nouveaux suppléments au loyer à Charlottetown et à Summerside.

Grâce au Plan d'action social, il y a eu une contribution de 50 000 $ en 2012-2013 pour appuyer la construction de logements abordables par l'entremise de l'organisme Habitat pour l'humanité de l'Île-du-Prince-Édouard. Il y a également eu un engagement de 50 000 $ pour 2013-2014.

À St Charles, une propriété à quatre unités de logement pour les aînés pour laquelle il n'y avait aucune demande a été vendue par soumission publique. La Société de logement continue d'évaluer les logements afin de se défaire des unités de logement pour lesquelles il n'y a plus de demande et de réinvestir les budgets de fonctionnement dans d'autres projets.

La demande de logements pour les aînés et pour les familles demeure élevée dans la province, surtout dans les régions urbaines.

Outre le financement des opérations, 750 000 $ en fonds d'immobilisation est investi chaque année afin de permettre la remise en état et l'amélioration du stock de logements vieillissants. Dans un avenir prévisible, on estime que des sommes supplémentaires seront investies vu le nombre considérable de demandes.

La Société de logement désire poursuivre des pourparlers avec le gouvernement du Canada afin d'obtenir du financement durable à long terme en vue de répondre aux besoins en matière de logements sociaux.

En 2013-2014, les Programmes de rénovation de logements de l'Î.-P.-É. ont été créés grâce à du financement fédéral offert par l'entremise de l'initiative Investissement dans le logement abordable. Le Programme de rénovation de logements de l'Î.-P.-É. permet d'aider les personnes, les familles ainsi que les personnes handicapées ou à besoins spéciaux à faible revenu et admissibles à terminer des travaux de rénovation domiciliaires précis.

Programs

I. Seniors Housing

Provincially Owned Buildings
Located in communities across the province, Seniors Housing provides apartment style, self-contained rental units to low and moderate income seniors who are unable to meet their housing needs independently. Rent for seniors housing is 25 percent of the senior's income.

The proportion of seniors in the population is expected to increase dramatically over the next 20 years. Statistical studies show this population increase will translate into increased demand for subsidized seniors housing.

Rent Supplements for Seniors
Rent supplement units are built and owned by the private sector. Rent for these units is 25 percent of the senior's income.

One hundred and four (104) rent supplements are available to seniors at specific housing locations in Charlottetown, Summerside and O'Leary.

Garden Suites
Garden suites are one bedroom units placed on the property of a host family. When no longer required by the senior, suites are moved to another site. Rent is 25 percent of the senior's income.

PEIHC currently has five garden suites.

II. Family Housing

Provincially Owned Buildings
This program provides subsidized housing to low and moderate income families who are unable to obtain adequate and affordable accommodation in the private marketplace. The units, with rents based on 25 percent of income, are situated in communities across the province.

Of increasing concern is the consistently high number of families waiting for units in comparison to the number of units available and the low turnover rates in the Charlottetown and Summerside areas.

Rent Supplement for Families
This program utilizes private market housing to provide accommodations for families selected from the family housing waiting lists. Rents are made affordable for the families via rent subsidies. There are 58 (2012-2013 - 38) rent subsidies provided in Charlottetown and in Summerside.

Rent supplement units are built and owned by the private sector. Rent for these units is 25 percent of a family's income.

Rural and Native Housing
This program provides rent-to-income housing for low and moderate income families. There are seven units across the province.

Rural Community Housing
PEIHC has nine rural community rental housing units across the province.

III. Seniors Housing

Residential Rehabilitation Assistance Program (RRAP)
This program provides support to complete major renovations, emergency repairs and home adaptations for low income home owners and major renovations for landlords renting to low income tenants. Property owners receive a fully forgivable loan provided they keep the home for five years after the repairs or improvements have been made. This is a federal/provincial cost shared (75/25%) program directly administered by CMHC.

- Homeowner RRAP - Provides assistance to low income homeowners to bring their property up to minimum health and safety standards.

- RRAP For Persons with Disabilities - Provides assistance to households occupied by persons with disabilities who require special modifications to improve accessibility to their residence.

- Rental/Rooming House RRAP - Provides support for rehabilitation to private rentals or rooming houses for low income Islanders in core need of housing.

- Emergency Repair Program - Provides assistance to homeowners in rural and remote areas to undertake emergency repairs required for the continued safe occupancy of their residence.

- Home Adaptation for Seniors Independence - Assists low income Canadians, aged 65 or older, whose difficulties in daily living can be addressed through adaptations to their homes.

- Shelter Enhancement - Provides assistance to repair existing and create new shelters and second stage housing for women, children and youth who are victims of family violence both on and off First Nations Reserves.

- RRAP Conversion - Provides assistance to convert existing commercial or buildings not used for housing into housing units.

- Secondary Suites - CMHC offers financial assistance for the creation of Secondary or Garden Suites for low income seniors or adults with a disability making it possible for them to live independently in their community, close to family and friends. A secondary suite is a self-contained separate unit within an existing home or an addition to a home. This means there are full kitchen and bath facilities as well as a separate entrance. A garden suite is a separate living unit that is not attached to the principal residence but is located on the same property.

As of March 31, 2013, the responsibility and funding for RRAP was transferred from CMHC to PEIHC. PEIHC created the PEI Home Renovation Programs with the funding.

PEI Home Renovation Programs (PEIHRP)
This program provides for major renovations and emergency repairs for low-income homeowners. Eligible property owners receive a loan which is fully forgivable provided they meet program criteria including remaining in the home for five years after the renovations have been made.

Program Activity

Seniors Housing Program

Program Performance Results:

CURRENT MEASURE	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Number of Units	1,157	1,152	1,094	1,124	1,124
New Rent Supplements	N/A	N/A	80	24	0
Placements	193	157	178	198	181
New Applications	294	298	566	484	380
Wait List	434	483	638	725	801
Turnover Rates	16.7%	13.6%	21.3%	17.7%	16.1%

Seniors Housing Units			
Queens County		**Prince County**	
Charlottetown	428	Alberton	16
Cornwall	14	O'Leary	24
Crapaud	9	St. Louis	4
Hunter River	14	Tignish	14
Mt. Stewart	6	Abrams Village	5
North Rustico	6	Bedeque	6
South Rustico	4	Borden	22
Garden Suite	1	Kensington	50
Total	**482**	Kinkora	5
Kings County		Miscouche	17
Cardigan	3	Mont Carmel	6
Eldon	6	Summerside	186
Georgetown	16	Tyne Valley	11
Montague	91	Wellington	22
Murray Harbour	6	Wilmot	6
Murray River	6	Garden Suite	1
Garden Suite	1	**Total**	**395**
Morell	12		
Rollo Bay	14		
Souris	81	**Total Seniors Units**	**1,124**
St. Peters	9		
Garden Suite	2		
Total	**247**		

Family Housing Program

Program Performance Results:

CURRENT MEASURES	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Units	463	463	463	463	463
Placements	74	79	90	90	78
New Applications	336	262	348	380	295
Wait List	419	406	316	383	308
Turnover Rates	16%	17.1%	19.4%	19.5%	16.9%

Family Housing Boards and Number of Units Administered			
Alberton	22	O'Leary	23
Charlottetown Area	168	Souris	36
Georgetown	27	Summerside	99
Montague	62	Tignish	16
Mt. Stewart	6	**Total**	**459**
*** Four additional Family Housing units located in Crapaud are administered by staff of Community Services and Seniors.**			

Rural Residential Rehabilitation Assistance Program 2012-2013			
	Number of Loans	**Average Loan**	**Expenditure**
Home Owner	37	$14,146	$523,391
Persons with Disabilities	6	$11,470	$68,812
Rooming House	0	$0	$0
Rental	4	$103,315	$413,259
Emergency Repair Program	30	$5,803	$174,078
Home Adaption for Seniors Independence	7	$3,354	$23,479
Shelter Enhancement	1	$22,981	$22,981
Secondary Suites	1	$24,000	$24,000
Total	**86**	**$14,535**	**$1,250,000**

PEI Home Renovations Program 2013-2014		
Applications Received	412	
Funding	**Budget**	**Grants**
Households - Renovations	$800,000	74
- Person with a Disability	$180,000	34
- Emergency	$180,000	17
Total	**$1,160,000**	**125**
Work continues with eligible homeowners to complete renovation projects approved from the 2013-2014 funding.		

Financial Statements

PRINCE EDWARD ISLAND HOUSING CORPORATION

Financial Statements
March 31, 2014

Management's Report

Management's Responsibility for the Financial Statements

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is responsible for the notes to the financial statements and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is responsible for implementing and maintaining a system of internal control to provide reasonable assurance that reliable financial information is produced.

The Minister of Community Services and Seniors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Minister reviews internal financial reports on a regular basis and externally audited financial statements annually.

The Auditor General conducts an independent examination, in accordance with Canadian generally accepted auditing standards and expresses her opinion on the financial statements. The Auditor General has full and free access to financial information and management of the Prince Edward Island Housing Corporation to meet when required.

On behalf of the Prince Edward Island Housing Corporation

Sonya L. Cobb, CA
Acting Director of Housing Services

Deanna Estabrooks, CMA
Acting Manager, Financial Services and Audit

February 4, 2015

Prince Edward Island
Office of the
Auditor General
PO Box 2000, Charlottetown PE
Canada C1A 7N8

Île-du-Prince-Édouard
Bureau du
vérificateur général
C.P. 2000, Charlottetown PE
Canada C1A 7N8

INDEPENDENT AUDITOR'S REPORT

Honourable Valerie E. Docherty
Minister
Department of Community Services and Seniors
Province of Prince Edward Island

I have audited the financial statements of the **Prince Edward Island Housing Corporation**, which comprise the statement of financial position as at March 31, 2013, and 2014, and the statements of operations and accumulated surplus, changes in net debt, and cash flow for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted the audits in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audits to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2013, and 2014, and the results of its operations, changes in net debt, and cash flow for the years then ended in accordance with Canadian public sector accounting standards.

B. Jane MacAdam, CA
Auditor General

Charlottetown, Prince Ewdard Island
February 4, 2015

PRINCE EDWARD ISLAND
HOUSING CORPORATION
Statement of Financial Position
March 31, 2014

	2014	2013
	$	$
Financial Assets		
Cash	5,712,000	1,474,000
Accounts receivable (Note 4)	3,860,500	3,343,900
Loans receivable	4,700	3,800
Assets held for sale	-	7,800
	9,577,200	4,829,500
Liabilities		
Accounts payable and accrued liabilities (Note 5)	10,185,100	4,979,500
Long-term debt (Note 6)	17,273,800	19,055,700
	27,458,900	24,035,200
Net Debt	17,881,700	19,205,700
Non Financial Assets		
Tangible capital assets (Note 7)	25,701,000	27,309,300
Property holdings	234,900	234,900
	25,935,900	27,544,200
Accumulated Surplus	8,054,200	8,338,500

(The accompanying notes are an integral part of these financial statements.)

Approved by

Minister, Department of Community Services and Seniors

PRINCE EDWARD ISLAND HOUSING CORPORATION

Statement of Operations and Accumulated Surplus
for the year ended March 31, 2014

	2014 Budget	2014 Actual	2013 Actual
	$	$	$
Revenues			
Rental income	5,440,000	5,408,100	5,168,400
Grants			
Province of Prince Edward Island (Note 8)			
- Operations	1,516,500	1,674,800	2,275,700
- Capital	750,000	513,400	475,700
Canada Mortgage and Housing Corporation			
- Operations (Note 9)	3,537,000	3,377,000	3,099,600
- Affordable Housing (Note 12)	1,490,000	282,900	26,800
Interest income	-	400	100
Other income	20,000	45,200	16,800
Gain on disposal of assets	-	249,700	-
	12,753,500	11,551,500	11,063,100
Expenses			
Administration	157,200	144,000	141,500
Equipment	6,000	11,800	6,200
Grants (Note 10)	2,778,000	1,212,100	1,172,400
Loss on disposal of assets	-	-	49,000
Operating costs (Note 11)	5,841,200	6,213,700	5,758,000
Professional and contract services	398,400	475,600	380,500
Property taxes	1,075,800	1,101,300	1,081,200
Travel and training	114,100	79,800	87,800
	10,370,700	9,238,300	8,676,600
Amortization of tangible capital assets	1,757,000	2,000,200	1,964,200
Interest charges on debt	625,800	597,300	699,800
	12,753,500	11,835,800	11,340,600
Annual Deficit	-	(284,300)	(277,500)
Accumulated Surplus, beginning of year		8,338,500	8,616,000
Accumulated Surplus, end of year		8,054,200	8,338,500

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND
HOUSING CORPORATION
Statement of Changes in Net Debt
for the year ended March 31, 2014

	2014 Budget	2014 Actual	2013 Actual
	$	$	$
Net Debt, beginning of year	19,205,700	19,205,700	20,501,900
Changes in year:			
Annual deficit	-	284,300	277,500
Acquisitions			
Tangible capital assets	750,000	513,400	475,700
Property holdings	-	-	7,000
Amortization of tangible capital assets	(1,757,000)	(2,000,200)	(1,964,200)
Net book value of tangible capital asset disposals	-	(121,500)	(92,200)
Change in Net Debt	(1,007,000)	(1,324,000)	(1,296,200)
Net Debt, end of year	18,198,700	17,881,700	19,205,700

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND
HOUSING CORPORATION
Statement of Cash Flow
for the year ended March 31, 2014

	2014	2013
	$	$
Operating Activities		
Annual deficit	(284,300)	(277,500)
Amortization of tangible capital assets	2,000,200	1,964,200
(Gain) loss on disposal of assets	(249,700)	49,000
Changes in:		
Accounts receivable	(516,600)	(571,100)
Loans receivable	(900)	(600)
Accounts payable and accrued liabilities	5,205,600	2,359,800
Assets held for sale	7,800	(7,800)
Cash provided by operating activities	6,162,100	3,516,000
Investing Activities		
Property Holdings	-	(7,000)
Cash used by investing activities	-	(7,000)
Capital Activities		
Proceeds on sale of tangible capital assets	371,200	43,200
Acquisition of tangible capital assets	(513,400)	(475,700)
Cash used by capital activities	(142,200)	(432,500)
Financing Activities		
Long-term debt repayment	(1,781,900)	(1,970,400)
Cash used by financing activities	(1,781,900)	(1,970,400)
Change in cash	4,238,000	1,106,100
Cash, beginning of year	1,474,000	367,900
Cash, end of year	5,712,000	1,474,000

(The accompanying notes are an integral part of these financial statements.)

1. Nature of Operations

The Prince Edward Island Housing Corporation (the Corporation) operates under the authority of the *Housing Corporation Act* of Prince Edward Island. The Corporation's general objectives are to establish housing projects, construct, acquire, or renovate housing accommodations for sale or rent, and promote measures which will contribute to the availability of adequate and improved housing for low income families and individuals, elderly persons, or other groups that require assistance. The Corporation also works towards improving the quality of housing and amenities related to housing.

The Minister, having overall responsibility for the administration of the *Act*, has designated a senior public officer to supervise the administration and management of the Corporation and perform such duties as the Minister may assign. The Corporation's operations are staffed by the Department of Community Services and Seniors, and the Department of Finance, Energy and Municipal Affairs.

The Corporation is a non taxable entity under the provisions of the federal *Income Tax Act*.

2. Summary of Significant Accounting Policies

a) Basis of Accounting

These financial statements are prepared in accordance with Canadian public sector accounting standards. The Prince Edward Island Housing Corporation complies with the recommendations of the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA) wherever applicable. PSAB standards are supplemented, where appropriate, by other accounting pronouncements.

Since the Corporation has no unrealized remeasurement gains or losses attributed to foreign exchange, derivates, portfolio investments, or other financial instruments, a statement of remeasurement gains and losses is not prepared.

b) Financial Assets

Financial assets are those assets on hand at the end of an accounting period which could provide resources to discharge existing liabilities or finance future operations.

Cash represents cash position including bank balances.

Accounts receivable are recorded at cost less any specific provision when collection is in doubt.

Loans receivable are recorded at cost less adjustments for impairment in value and concessionary terms. Where concessionary terms apply, loans are reported at their net present value. Loans usually bear interest at approximate market rates and normally have fixed repayment terms. A provision for loss is established for doubtful accounts. Interest revenue is recognized on an accrual basis until such time that the collectability of either principal or interest is not reasonably assured.

2. Summary of Significant Accounting Policies (continued...)

b) Financial Assets (continued...)

Assets held for sale are recorded at historical cost, or estimated cost where historical cost information is not available.

c) Liabilities

Payables and accruals are recorded for all amounts due for work performed, goods or services received, and other charges incurred in the fiscal year.

Long-term debt is recorded at cost, which approximates market value.

d) Net Debt

The net debt of the Prince Edward Island Housing Corporation is determined as its liabilities less its financial assets.

e) Non Financial Assets

Non financial assets are acquired, constructed, or developed assets that do not normally provide resources to discharge existing liabilities. They are normally employed to deliver government services and may be consumed in the normal course of operations.

Tangible capital assets are recorded at historical cost, or estimated cost where historical cost information is not available. Interest, if any, on capital projects is expensed as incurred.

The cost of the tangible capital asset, excluding land, is amortized monthly on a straight-line basis over their estimated useful lives as follows:

Buildings	40 yrs
Building Improvements	10 yrs
Equipment	5 -15 yrs

Amortization is pro-rated on a monthly basis starting with the date the asset is placed in service. Amortization ends when the total amortization of the asset equals the cost or on the date of disposal, whichever comes first. No amortization is recorded if an asset is taken out of service and disposed.

Property holdings are recorded at the lower of cost or net realizable value.

Inventories of supplies are expensed when purchased.

2. Summary of Significant Accounting Policies (continued...)

f) Revenues

Revenues are recorded on an accrual basis in the period in which the transaction or event that gave rise to the revenue occurred. When accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable, revenues are recorded as received.

Transfers (revenues from non-exchange transactions) are recognized as revenue when the transfer is authorized, any eligibility criteria are met, and a reasonable estimate of the amount can be made.

Federal contributions provided by the Canada Mortgage and Housing Corporation (CMHC) are restricted in accordance with the provisions of the Affordable Housing Program Agreements. Accordingly, federal contributions are recognized as revenue when the related expenses are incurred.

g) Expenses

Expenses are recorded on an accrual basis in the period in which the transaction or event that gave rise to the expense occurred.

Grants are recognized as an expense when an application for assistance has been approved and performance requirements have been met. Conditional grants are provided to homeowners, developers, landlords, co-operatives, and non-profit housing sponsors.

h) Financial Instruments

Financial instruments consists of cash, accounts receivable, loans receivable, assets held for sale, accounts payable, accrued liabilities and long-term debt. All financial instruments, are recorded at cost or amortized cost, which approximates their fair value. The Corporation is exposed to market, credit, and liquidity risk in relation to their financial instruments as disclosed in Note 13.

i) Use of Estimates and Measurement Uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Items requiring the use of significant estimates include the carrying amount and amortization of investments in properties and underlying assessments of service potential, useful life of tangible capital assets, the valuation of land held for future development, and the carrying amount of loans receivable, and underlying estimates of the provision for loan impairment and doubtful accounts.

2. Summary of Significant Accounting Policies (continued...)

i) Use of Estimates and Measurement Uncertainty (continued...)

Estimates are based on the best available information at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates and the differences could be material.

3. Accounting Changes

a) Tangible Capital Asset Thresholds

For the year ended March 31, 2013, the Prince Edward Island Housing Corporation amended its tangible capital asset policy, reducing minimum cost thresholds for equipment and renovations. Prior year's transactions have been restated for expenditures that now meet the thresholds for capitalization. The statement of financial position has been restated to reflect an increase in tangible capital assets and accumulated surplus of $2,583,200 as at April 1, 2012.

b) Capital Contributions

Under previous Canadian public sector accounting standards government transfers received for the acquisition of tangible capital assets was deferred and amortized at the same rate as the related asset. PS3410, Government Transfers, recommends that funds received be treated as revenue in the year received where the transfer is authorized and eligibility criteria have been met. The statement of financial position has been adjusted to reflect the elimination of deferred capital contributions and an increase in the accumulated surplus by $6,032,800 as at April 1, 2012.

4. Accounts Receivable

	2014 $	2013 $
CMHC	3,619,700	3,300,500
General	249,900	49,600
	3,869,600	3,350,100
Less: provision for doubtful accounts	9,100	6,200
	3,860,500	3,343,900
Aged trade accounts receivable:		
Current	912,700	795,100
61-90 days	1,500	2,200
90-120 days	35,700	3,400
Greater than 120 days	2,919,700	2,549,400
	3,869,600	3,350,100

5. Accounts Payable and Accrued Liabilities

	2014 $	2013 $
Accrued interest	106,900	129,800
Province of Prince Edward Island	9,282,300	3,941,600
General	652,700	908,100
Deferred Revenue	143,200	-
	10,185,100	4,979,500

6. Long-term Debt

Long-term debt is comprised of the following:

	2014 $	2013 $
Mortgages and debentures payable to Canada Mortgage Housing Corporation with maturity dates ranging from 2015 to 2029, with interest rates ranging from 1.64 percent to 7.88 percent and are secured by properties.		
Mortgages payable	14,188,400	15,689,900
Debentures payable	2,631,000	2,792,700
Debenture payable to the Province of Prince Edward Island with a 2014 maturity date, at an interest rate of 8.86 percent and secured by properties.		
Debenture payable	454,400	573,100
	17,273,800	19,055,700

Principal Repayments

Anticipated annual principal repayments over each of the next five years and thereafter are as follows:

Fiscal Year	Amount $
2015	3,327,100
2016	1,532,100
2017	3,424,400
2018	1,222,100
2019	5,765,900
Thereafter	2,002,200
	17,273,800

Interest expense for the year on outstanding mortgages was $392,600 (2013 - $474,600) and outstanding debentures was $204,700 (2013 - $225,200).

7. Tangible Capital Assets

	Land	Buildings	Renovations	Equipment	2014 Total	2013 Total
	$	$	$	$	$	$
Cost, beginning of the year	2,521,400	56,278,300	6,984,800	25,300	65,809,800	66,963,400
Additions	-	-	513,400	-	513,400	475,700
Disposals	(3,500)	(1,313,400)	(21,900)	-	(1,338,800)	(1,629,300)
Cost, end of year	2,517,900	54,964,900	7,476,300	25,300	64,984,400	65,809,800
Accumulated amortization, beginning of year	-	36,079,600	2,414,500	6,400	38,500,500	38,073,400
Amortization	-	1,286,200	710,400	3,600	2,000,200	1,964,200
Disposals	-	(1,212,900)	(4,400)	-	(1,217,300)	(1,537,100)
Accumulated amortization, end of year	-	36,152,900	3,120,500	10,000	39,283,400	38,500,500
Net book value	2,517,900	18,812,000	4,355,800	15,300	25,701,000	27,309,300

Tangible capital assets represent the Corporations ownership interest in housing projects constructed or acquired pursuant to partnership agreements. The Corporation's cost is net of amounts provided by CMHC in consideration for an ownership interest in the housing projects. Buildings funded through partnership agreements are subject to restrictions to operate for the benefit of individuals, seniors, and families with limited income. CMHC approval is required for all changes in asset use or disposal. Disposals related to renovations are only recognized when there is a building disposal. The unamortized balance is amortized over the remaining useful life of the asset.

8. Province of Prince Edward Island

The Province of Prince Edward Island provides annual operating and capital grants to the Corporation. The operating grant is provided to fund the operations of the Corporation. The capital grant is used to fund the purchase of tangible capital assets and is recognized as revenue in the year the capital transfer is authorized and eligibility criteria, if any, are met.

9. Canada Mortgage and Housing Corporation

The Corporation is eligible for subsidy assistance from CMHC. Subsidy assistance is paid by project based on agreement terms and conditions and is equal to the difference between eligible annual operating costs and project revenues for designated units. The various agreements expire between 2015 and 2037.

10. Grants

	2014 $	2013 $
Housing renovation program agreement	151,900	329,800
Family housing boards	1,060,200	842,600
	1,212,100	1,172,400

11. Operating Costs

	2014 $	2013 $
Materials, supplies, and services (includes Department allocations)	1,584,000	1,503,200
Renovations	132,900	201,800
Rent supplement	1,226,800	964,100
Repairs and maintenance	1,227,400	1,168,500
Utilities	2,042,600	1,920,400
	6,213,700	5,758,000

12. Contractual Obligations and Commitments

a) Investment in Affordable Housing

Funding through the Investment in Affordable Housing Agreement has been provided by CMHC to increase the supply of affordable housing in Prince Edward Island. CMHC will make matching contributions to those projects meeting eligibility requirements in accordance with the Agreement.

b) Housing Renovation Program

The Housing Renovation Program Agreement establishes a structure for cost-shared programs that provide assistance to homeowners and landlords for repairs to and rehabilitation of properties occupied by low income individuals. CMHC and the Corporation will contribute up to 75 percent and 25 percent respectively to fund eligible program costs. In 2010, the Corporation and CMHC executed a Supplementary Agreement Letter that extends the term of the Housing Renovation Program Agreement by two years to provide funding for commitments approved and incurred by March 31, 2012. In July 2011, an extension agreement was signed and CMHC will provide $0.98 million annually for eligible expenditures. The extension expired March 31, 2014. During the year, the Corporation has paid $151,900 (2013 - $329,800) in assistance to eligible projects.

c) Investment in Affordable Housing 2011-2014 Agreement

In April 2013, the Agreement for Investment in Affordable Housing 2011-2014 was signed. CMHC will provide $1.48 million for eligible expenditures. The agreement expired March 31, 2014. This agreement superseded all previous Affordable Housing Renovation Program Agreements.

d) Unilateral Program

Under the Renovation and Retrofit of Social Housing initiative pursuant to Section 51 of the *National Housing Act,* CMHC made contributions to Prince Edward Island Housing Corporation in the 2010 and 2011 fiscal years for the purpose of renovating, general improvement, energy efficiency upgrades or conversions, modifications to support persons with disabilities and/or the regeneration of existing social housing projects. Projects totalling $530,000 for renovation and retrofit expenses greater than $25,000 were required to enter into 10 year mortgages with CMHC and provide collateral security. Mortgages are repayable if certain conditions are not satisfied.

12. Contractual Obligations and Commitments (continued...)

e) Property Lease Agreements

The Corporation has entered into ten year lease agreements with six property owners to provide 105 affordable housing units through rent supplement arrangements. The leases expire in fiscal year 2021-2022. These leases are not classified as capital leases as the Corporation has not assumed the majority of the risk associated with the properties. The estimated lease obligations are calculated by using the known rent and assuming a three percent annual rental increase. Under the terms of the agreements, the agreed affordable rent can only be adjusted upward to reflect any increase that is permitted by the Island Regulatory and Appeals Commission in accordance with the *Rental of Residential Property Act* and are not guaranteed. The estimated obligation for the next five years and beyond include:

Fiscal Year	Amount $
2015	843,100
2016	868,400
2017	894,500
2018	921,300
2019	949,000
Thereafter	2,029,800
	6,506,100

13. Financial Management

The Corporation is exposed to market, credit, and liquidity risk from its financial instruments. An analysis of these risks is provided below.

Market Risk

Market risk is comprised of three types: currency, interest and price risk. The Corporation does not hold nor operate in foreign currency and thus market risk is derived from interest rate and price risk. Changes in interest rates, prices for goods, services and rents significantly impact the Corporation and thus could increase the cost of operations and require increase funds from government. The risk is managed by participating in government purchasing, determining if maintenance is done internally or tendered, cost sharing operations with CMHC, and establishing long term lease agreements and rent controlled by IRAC.

Credit Risk

The Corporation is exposed to credit risk with respect to accounts receivable. The Corporation mitigates this risk through a regular monitoring process. Credit risk is also mitigated due to the fact that the majority of the receivables are due from the Canada Mortgage and Housing Corporation.

13. Financial Management (continued...)

Liquidity Risk

The Corporation has contractual obligations and financial liabilities and, therefore, is exposed to liquidity risk. The Corporation manages its liquidity risk by maintaining adequate cash and credit facilities, by updating and reviewing multi-year cash flow projections on a regular, and on an as needed basis, by matching its long-term financing arrangements with its cash flow needs.

14. Related Party Transactions

These financial statements include the results of transactions with various provincial government controlled departments, agencies, and Crown corporations with which the Corporation is considered related. Transactions with related parties are settled at prevailing market prices under normal trade terms.

The Province has assumed responsibility for certain operating costs that are shared with other departments such as property insurance, provincial portion of property tax, management salaries, and benefits. These expenses are not reflected in the Corporation's financial statements.

The Province employs all staff working within the Corporation and on an annual basis department allocations are made to the Corporation for its share of the salary and benefits.

15. Contingent Liabilities

The Corporation is subject to legal actions arising in the normal course of business. At March 31, 2014, there was one outstanding legal claim against the Corporation. Costs related to this outstanding claim is funded by the Prince Edward Island Self Insurance and Risk Management Fund. The Fund provides general liability, errors and omissions, primary property, and crime insurance. The Fund is administered by the Province of Prince Edward Island and responsibility for liabilities of the Fund is that of the Province of Prince Edward Island.

16. Budgeted Figures

Budget figures have been provided for comparison purposes and have been derived from the estimates approved by the Legislative Assembly of the Province of Prince Edward Island.

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